

THE LEONARD LETTER

September 19, 2005

QUOTE OF THE WEEK

“Let it simply be asked: Where is the security for property, for reputation, for life, if the sense of religious obligation desert the oaths which are the instruments of investigation in courts of justice? And let us with caution indulge the supposition that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure, reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principle.” --- George Washington, Farewell Address, September 19, 1796

AROUND THE STATE

*****Addicted to Taxes*****

In yet another example of imposing taxes that you do not have to pay yourself, the California Hospital Association is promoting an initiative for next year's ballot to increase the tax on a pack of cigarettes by \$1.50. The group estimates that \$1.4 billion could be raised each year and 65% of that money would go to a fund to support trauma centers and emergency rooms. Ostensibly, health care workers are encouraging people to stop smoking; they say that hiking the price would be an incentive to quit the deadly habit. However, it is also possible that recipients of the taxes become addicted to the tobacco tax revenue, and their supply is dwindling. Prop. 99 of the late 1980s applied a 25-cents-per-pack tax with the money going to health education against tobacco and health care for poor families. About a decade ago, that measure brought in \$575 million, but last year it totaled only \$321 million. In 1998, voters added a 50-cents-per-pack tax to fund early childhood education. That brought in \$686 million in its first year, but dropped down to \$593 million in the current year. Advocates of the measure believe they will have voter support because most voters do not smoke and many are critical of smokers. Perhaps voters should be more concerned with weaning special interest groups off of their addiction to tax dollars.

*****Feinstein Confused*****

Twice recently, and perhaps more often, our senior California U.S. Senator, Dianne Feinstein, has claimed to be speaking for all 145 million American women. Most politicians are smart enough not to exaggerate things that can be so easily disproved. I know several American women who say that Feinstein does not speak for them. In fact, given the millions of women who voted to re-elect George W. Bush, it is probably safe to say that Feinstein is out of touch with the majority of American women.

Then, of course, I actually thought Feinstein was elected to represent the state and the people of California in the U.S. Senate and not some gender-based constituency. I do not claim to speak for all American men; that would be silly, as well as incorrect. Why is it that some people who

have been in office so long inflate their status in ways that are so patently false?

Perhaps our Senator is just confused. Senator, remember the women and men who elected you.

*****No Incident Too Trivial for Politics*****

A government worker, working off incorrect instructions, makes a mistake, but a couple of hours later it is fixed. However, since that mistake inconveniences a couple of million people and comes the day after an Al Qaeda threat, the television media is all over the story with the left-wing political pundits chasing those camera lights. They blame Bush, they blame Schwarzenegger, they blame everybody but themselves. The simple truth is that a worker made a mistake.

The bigger truth is that thanks to poor public policies by the liberal California legislature, there are too few new power plants, no new oil refineries, no new natural gas plants. So the left-wing pundits are correct that we do not have back-up plans for energy outages and that does put California at risk. But they should be pointing those fingers in front of a mirror so it is clearer to everyone that they only have themselves to blame.

ISSUE FOCUS

*****Food Stamp Folly*****

When you go to a grocery store and buy soft drinks or bags of ice, you pay sales tax-- unless you are paying for them with food stamps, in which case you do not have to pay the sales tax. This bizarre ruling results by the unintended consequences of a state law that says no sales tax is to be charged on purchases made with food stamps and a federal law that defines sodas and ice as food in contradiction to state law. This is not only unfair to customers who end up paying different prices for the same product, but it is an undue burden on retailers who are supposed to train their clerks to know all of these rulings.

*****Barone by the Numbers*****

Since the early 1980s Michael Barone has been writing the indispensable biennial Almanac of American Politics. The 2006 edition is now available in bookstores and anyone interested in politics and/or culture should pick it up. There are many things that will probably surprise you about the 2004 election. Some highlights:

During the campaign, we heard much of Howard Dean's list of 600,000 e-mail addresses. It turned out that the Bush campaign had collected six million.

Turnout increased by 16 percent in 2004, but turnout as a percentage of eligible voters soared from 51 percent to 61 percent. John Kerry received eight million more votes in 2004 than Al Gore got in 2000, but it was three million short of Bush's all-time record of 62 million votes, a 23 percent increase for him over 2000.

Most assumed that the GOP would raise more money than Democrats, but not so. The Kerry campaign, the DNC and the Democratic 527 organizations spent \$344 million -- more than \$55 million above what the pro-Bush groups spent.

MISCELLANY

*****A Good Read*****

The reaction to the governmental response to Katrina reminded me of the book “Crisis and Leviathan” by Robert Higgs. Higgs begins by documenting the tremendous growth in American government in the 20th century. He argues that such growth has been the result of a succession of crises, from the Great Depression to various wars. After those immediate crises pass, the “residue of governmental functions and authority remains” leaving us with more government than before the crisis. His book was written in 1987, before 9/11 and before Katrina, but the words of his conclusion seem prescient now: “We know that other great crises will come. Whether they will be occasioned by foreign wars, economic collapse, or rampant terrorism, no one can predict with assurance. Yet in one form or another, great crises will surely come again, as they have from time to time throughout all human history. When they do, governments almost certainly will gain new powers over economic and social affairs. Everything that I have argued and documented ... points toward this conclusion. For those who cherish individual liberty and a free society, the prospect is deeply disheartening.” Consider Higgs argument when you think about Senator Kennedy’s call for a new Tennessee Valley Authority in the wake of Katrina.

BOE AND LEGISLATIVE DATES

September 20-21, 2005 --- BoE meets in Culver City.

September 21, 2005 --- Taxpayers’ Bill of Rights Hearing in Culver City.

October 9, 2005 --- Deadline for Governor to sign or veto all legislation sent to him in 2005.

October 18, 2005 --- BoE meets with County Assessors in Monterey.

October 25, 2005 --- Taxpayers’ Bill of Rights Hearing in Sacramento.

October 25-26, 2005 --- BoE meets in Sacramento.

NOTABLE DATES/ HISTORY

September 19, 1796 --- President George Washington delivered his farewell address.

September 19, 1849 --- The first commercial laundry was established in Oakland, California.

September 19, 1881 --- The Tuskegee Institute, under leadership Booker T. Washington, opened for classes.

September 20, 1797 --- The U.S. frigate Constitution (Old Ironsides) was launched in Boston.

September 21, 1780 --- Benedict Arnold gave British Major Andrè the plans to West Point.

September 22, 1862 --- President Abraham Lincoln issued the Emancipation Proclamation.

September 22, 1991 --- The University of California made the Dead Sea Scrolls public.

September 23, 1952 --- Richard Nixon made his "Checkers" speech, invoking his family dog to overcome political criticism.

September 24, 1957 --- President Dwight Eisenhower deployed U.S. troops to Little Rock, AR to force Governor Orval Faubus to integrate public schools.

September 25, 1513 --- Vasco Nuez de Balboa was the first European to see the Pacific Ocean.

September 25, 1890 --- Congress establishes Yosemite National Park.

September 25, 1981 --- Sandra Day O' Connor, nominated by President Ronald Reagan, was sworn in as first woman to serve on the U.S. Supreme Court.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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